

DNR NEWS

Energy and Waste Management Bureau

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OIL PRICES PLUMMET AS WAR BEGINS, GASOLINE EXPECTED TO FOLLOW

DES MOINES — Crude oil finished trading on Mar. 20 at \$28.61 per barrel, down \$8.57 from last month. One year ago, crude was \$25.74 per barrel. National crude oil inventory is at 270.2 million barrels, down 16.5 percent from the previous year. The DNR expects crude oil prices to remain volatile while the U.S. is at war with Iraq, with prices averaging \$26 to \$30 per barrel, but prices could spike higher if there are more reports of Iraqi oil field fires.

Gasoline prices are steady to slightly lower since the beginning of war, but they are expected to drop in the coming weeks, possibly by as much as 20 cents per gallon, if crude oil prices remain at current levels. Prices will probably remain above year-ago levels, however, because inventories are still below last year's level. The oil workers' strike in Venezuela is beginning to ease, but Venezuelan crude oil and gasoline production remain below pre-strike levels. Last summer, Venezuela was the second largest supplier of U.S. imported gasoline.

Gasoline prices increased 4 cents from February to an average of \$1.65 for a gallon of self-serve, regular unleaded gasoline, according to the DNR's March 15 Gas Monitors survey. Prices across the state ranged from \$1.57 to \$1.72 per gallon and are \$0.36 higher than this time last year. The average price for regular unleaded with ethanol was \$1.64 per gallon. The latest data shows ethanol-blended gasoline represents 61.4 percent of the market share.

Retail conventional unleaded gasoline prices in Iowa are \$0.02 lower than the national and regional averages of \$1.67 per gallon.

"Gasoline prices are expected to drop if the lower crude prices hold and there are no problems with supply," said Jennifer Moehlmann, energy data analyst for the DNR. "Supply is very tight and any disruptions could provoke a spike in prices, but we don't expect any shortages. Consumers who are worried about high prices are urged to adopt energy efficiency strategies – driving at the speed limit, tuning up their vehicle and ensuring tires are properly inflated. Combining trips or using mass transit are other options."

The average price of self-serve diesel fuel for March was \$1.74, up \$0.03 from last month. Diesel fuel was \$1.25 per gallon one year ago. Diesel fuel prices have remained strong due to rising crude oil costs and strong demand, but are expected to drop in the next weeks if oil prices remain lower.

Propane

The March 17 survey found the average price of propane was \$1.09 per gallon. This is up \$0.04 from the previous month and \$0.25 above the price of propane at this time last year. The price increase was caused by increased demand from colder weather across the U.S. and higher oil prices, but prices are expected to drop in the next weeks if oil prices remain lower.

Heating Oil Prices

The March 17 survey found the average price of No.2 heating oil was \$1.31 per gallon, \$0.01 higher than last month and \$0.41 above the price of heating oil at this time last year. A year ago, the average price was \$0.90 per gallon. The price increase was caused by increased demand from colder weather across the U.S. and higher oil prices. The Department expects heating oil prices to begin their annual decline, reflecting lower oil prices and less demand as spring brings warmer weather.

MOTOR FUELS SURVEY

Self-Serve	February 19	March 18	Change
Regular Unleaded	1.61	1.65	+0.04
Regular Unleaded with Ethanol	1.60	1.64	+0.04
Premium Unleaded	1.71	1.76	+0.05
Diesel	1.71	1.74	+0.03
Full-Serve	February 19	March 18	Change
Regular Unleaded	1.70	1.77	+0.07
Regular Unleaded with Ethanol	1.69	1.79	+0.10
Premium Unleaded	1.83	1.90	+0.07
Diesel	1.71	1.79	+0.08

HEATING FUELS SURVEY

	February 17	March 17	Change
Propane	1.05	1.09	+0.04
#2 Heating Oil	1.30	1.31	+0.01

AVERAGE SELF-SERVE UNLEADED PRICES IN MAJOR CITIES

	February 19	March 18	Change
Ames	1.66	1.63	-0.03
Cedar Rapids	1.52	1.60	+0.08
Council Bluffs	1.58	1.61	+0.03
Davenport	1.59	1.62	+0.03
Des Moines	1.58	1.66	+0.08
Dubuque	1.59	1.68	+0.09

Fort Dodge	1.67	1.67	No Change
Iowa City	1.63	1.70	+0.07
Sioux City	1.60	1.63	+0.03
Waterloo	1.61	1.67	+0.06
Average Metro Price	1.58	1.63	+0.05

AVERAGE SELF-SERVE UNLEADED PRICES IN RURAL IOWA

	February 19	March 18	Change
Northeast	1.62	1.67	+0.05
Northwest	1.64	1.66	+0.02
Southeast	1.63	1.65	+0.02
Southwest	1.63	1.65	+0.02
Rural Area Average	1.63	1.66	+0.03

WHOLESALE PRICES IN METROPOLITAN AREAS AROUND IOWA

Unleaded (cents per gallon)	February 6	March 6
Des Moines	105.47	114.61
Dubuque	106.03	115.25
Diesel Fuel (cents per gallon)	February 6	March 6
Des Moines	102.28	116.94
Dubuque	102.99	117.88

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